**SECTION C**

**QUESTION 5**

**Introduction**

The Macro-environment is part of the external environment. The impact of the Macro-environment can be huge on any business, positive or negative.

* **Define the meaning of the Macro-Environment.**

The macro environment is the environment directly outside the Market environment. It’s made up of many components outside the business over which the business has no control.

* **Discuss the Physical-, Technological-, Economical- and International environment as components of the Macro environment.**

**\*Physical environment**

This environment includes natural elements and also human-made structures; for example….

-Landscape and buildings

-Local climate and weather conditions

-Availability of infrastructure such as roads, air and transport

Environmental factors such as air pollution.

\***Economic environment**

This environment includes all the business and government organisations involved in the economy.

* Income distribution:

Transfer payments like old-age pension enables individuals in the lower income brackets to buy products they otherwise would not be able to afford.

* HIV and Aids:

HIV and Aids have become a social issue. People with Aids become ill or die so the productivity of a country as a whole therefore suffers.

- Unemployment:

High levels of unemployment mean that many potential workers are not

earning an income. More unemployed people, fewer products a country can

produce.

\***Technological environment**

Technology refers to all the ways in which people use tools or machines to make life easier.

* Technology changes business:

Hand tools are not used anymore.

Computers have replaced manual typewriters.

* Online shopping:

Shopping has expanded potential customers.

Created new opportunities for business

* New materials:

New materials can replace harmful products like asbestos.

It has also reduce hazardous chemicals such as DDT.

\***International environment**

Trade between South Africa and other countries amounts to millions of rand every year.

South Africa’s primary import commodities include machinery and equipment, chemicals, food etc.

Exporting products to other countries are vital for our economy.

* **Briefly explain the reason why each component poses a challenge to businesses.**

**\*Physical environment**

This environment includes natural elements and also human-made structures; for example….

-Landscape and buildings:

* It is so important for any business to get a good location from which they must operate from. Finding yourself with a location situated in an area that is not suited can cost you not only your costumers but your entire business. Buildings that are old and falling apart will send a bad image, especially for a new business that opens in an old landscape or building.

-Local climate and weather condition:

* Whatever your product it is vital to situate your business in an area that supplements your product. If your product is that of fruit for instance you need to plant and harvest in a location with weather conditions suitable for that type of fruit.

-Availability of infrastructure such as roads, air and transport:

* No business will ever survive if the business is situated in an area so rural that no one has any access to. Any business should be easily accessible for various reasons like accessibility for your suppliers, customers, even your staff. Finding your business in an area with a high crime rate would also impact you negatively; no customer or staff member would want to work under conditions of fear.

\***Economic environment**

This environment includes all the business and government organisations involved in the economy.

* Income distribution:

Transfer payments like old-age pension enables individuals in the lower income brackets to buy products they otherwise would not be able to afford.

* The market for such items therefore grows and the business which

supply them will do better.

* The more money people has to spend, the better for our economy.
* We want all people in South Africa to be able to afford products that

will satisfy their basic needs.

* HIV and Aids:

HIV and Aids have become a social issue. People with Aids become ill or die so the productivity of a country as a whole therefore suffers.

* HIV and Aids not only impacts the individual who has the virus but their entire family, friends and work place.
* Individuals who contracted the virus has to stay away for long periods at a time to receive long-term treatment. These workers that then stay away from work are normally productive, skilled workers who support dependants.
* The productivity of the country as a whole suffers. These workers can’t work, which means their workplace has to employ workers who stand in for them but cannot be as productive as the person on leave. This means the business quality of products decline, fewer people buy and more people loses their jobs.
* Also the people who rely on the person who contracted the disease will suffer as they will no longer get a steady income to provide in their needs.

- Unemployment:

High levels of unemployment mean that many potential workers are not

earning an income. More unemployed people, fewer products a country can

produce.

* People who are unemployed does not have the money to take care of their basic needs. The poorer a community becomes the more any business will suffer.
* Business has to pay suppliers etc. and can’t afford to bring down prices. They need to adapt according to the country’s economy in terms of factors such as inflation, interests rates and more.
* Unemployment leads to higher rates of crime, corruption and human rights violations. Desperate people turn to a live of prostitution, drugs etc.

\***Technological environment**

Technology refers to all the ways in which people use tools or machines to make life easier.

* Technology changes business:

Hand tools are not used anymore.

Computers have replaced manual typewriters.

* Technology is replacing the work of so many jobs that would have normally been done by humans. It makes much more sense financially to equip machines that works for free and 24 hours a day than employ people who you need to pay and only work 9 hours a day.
* Everything can be bought, sold, packed, ordered, shipped etc. just by using computer programmes and the internet.
* All business transactions can be done by the click of a button.
* These changes lead to unemployment, higher crime rates, and poorer communities, HIV and Aids, prostitutions and many more factors.
* Online shopping:

Shopping has expanded potential customers.

Created new opportunities for business.

* This type of shopping has taken away the personal contact between small business owners and their customers. These small businesses that rely on everyday clients will go under because it is so much easier to buy your everyday products; clothes etc. online and even get it deliverers.
* This in turn will lead to more people having to close their doors and become part of the unemployed statistic in South Africa.
* These changes lead to unemployment, higher crime rates, and poorer communities, HIV and Aids, prostitutions and many more factors.

\***International environment**

Trade between South Africa and other countries amounts to millions of rands every year.

South Africa’s primary import commodities include machinery and equipment, chemicals, food etc.

Exporting products to other countries are vital for our economy.

The International environment impacts on local business in two ways.

* Events that take place elsewhere in the world can have an impact on the economy of South Africa.

For example, the political uncertainties in Zimbabwe have had a hugh impact on our county with all the refugees fleeing across the borders.

This situation has led to an international phenomenon; called Xenophobia… where local citizens lashed out at the foreigners who fled here and took up jobs that local citizens could have had.

* Massive earthquakes, tsunami’s, tornado’s and other natural disasters caused a hugh shortage of goods that we normally import from those countries.
* **Explain how these three environments influences each other, by referring to the relationship each one has with the other.**
* The micro environment influences the market environment through its strategies.
* In return the micro environment is influenced by the market environment, for example competitors cutting prices or change in consumer behaviour.
* The macro environment influences the business indirectly through the market environment such as effect of tax or recession on consumer spending.
* The macro environment influences the business indirectly through interest rates on loans or legislation.
* The business has little to no control over the macro environment.

**Conclusion**

The changing and developing nature of the Macro- environment presents a lot of challenges to any business. But as you see these issues can be overcome.

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|  | **Breakdown of marks**   |  |  |  | | --- | --- | --- | | Introduction | 2 |  | | Negative impact of strikes on businesses | 14 |  | | Strikes and Go-slow | 4 |  | | Purpose of Labour Relations Act | 14 |  | | Functions of trade unions | 14 |  | | Conclusion | 2 | Max 32 | | INSIGHT |  |  | | Layout | 2 |  | | Analysis | 2 |  | | Synthesis | 2 |  | | Originality | 2 | 8 = 40 marks | |

**Question 6**

**Introduction**

The National Credit Act gave new rights to consumers, helping them to be informed and make right decisions.

* **Explain the ‘National Credit Act’ (NCA) in terms of ‘Consumer rights’ and the ‘Responsibilities of credit providers’.**
* Consumer rights:

- The right to fair credit.

- The right to apply for credit.

- The right to be protected against unfair discrimination.

- The right to be given a reason why an application is refused.

- The right to receive a contract in understandable language.

\* Any other right on p.30 of the textbook

* Responsibilities of credit providers:

- Lend money in a responsible manner.

- That customers do not borrow more than they can afford.

- Ensure that documents are written in plain, clear language.

\*Any other responsibility on p.30 of the textbook.

* **Discuss the acts that are not allowed by the credit providers, as set out by the NCA.**
* Make use of misleading advertising.
* Harass customers to apply for credit.
* Increase customers credit limit without their permission.
* Charge customers more than the specified fees and charges required to be paid.
* Charge customers more than the maximum interest rates stipulated.
* **Evaluate the impact of the NCA on the ‘Purchasing function’.**
* It has a positive impact on credit purchases of a business.
* All businesses are protected against misleading credit suppliers.
* No business can borrow so much money that it cannot repay the monthly debit order.
* The purchasing procedure can run without any financial shortages later

on the process.

* The function can do its job effectively which is buying products for the right price, the right quantity, the right supplier and the right supplier.
* **In order for the National Consumer Protection Act (CPA) to achieve their purpose, they need to provide certain services to the consumer. Identify and explain these services.**
* Promote and protect the social and economic interests of consumers.
* Make sure consumers understand marketing-related terminology.
* Make it possible for consumers to get truthful, accurate information so that they can make the right choices.
* Promote the well-being of consumers by protecting them from dangers to their own safety.
* Develop effective ways for consumers to address problems.
* Provide and promote consumer education.

\* Any other service on p.31 in textbook.

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